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**ACCOUNTING**

# 69% of CFOs Plan to Increase Tech Spending

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Digital transformation is on the rise, with more than two-thirds (69 percent) of CFOs and senior financial executives planning to increase their investment in technologies that speed business change – according to a recent survey conducted by Grant Thornton LLP in partnership with CFO Research. Further, four in ten of these financial leaders plan an increase of more than 10 percent in the next 12 months.

What’s driving this spending? Competition. According to the [2018 CFO Insights on New Technologies](#) survey, 41 percent of financial leaders indicate that their companies’ digital-transformation investments are meant to help them overtake their competition through differentiation.

“While investment strategies for digital transformation have traditionally been influenced by an organization’s desire to improve operational performance and reduce costs, respondents have shown that future investment strategies will shift to more strategic opportunities – chief among these being improving the customer experience,” said Srikant Sastry, national managing principal of Advisory Services at Grant Thornton. “The simple truth is that more than three quarters of the executives surveyed feel that digital transformation is critical for their company.”

Still, the more than 300 CFOs and financial leaders who participated in the survey fret about measuring success: Just over 40 percent reveal that they do not have good financial metrics that show the ROI in IT efforts. And only 12 percent agree that they have an effective system of measuring financial performance associated with technology implementations.

### **Transformation Starts at Home**

Within the finance function itself, digital transformation is taking root. Almost a quarter (24 percent) of respondents say their finance team is currently adopting advanced analytics – and another 24 percent expect to do so within 12 months, with an additional 25 percent expecting to do it within two years.

Artificial intelligence too shows promise among CFOs: 20 percent expect to adopt it within five years. Other enticing innovations include: distributed ledger technology, machine learning, robotic process automation, and optical character recognition.

### **Staffing and Preparedness a Worry**

Respondents have plenty of concerns about readiness. First and foremost, they worry how their companies will staff teams once automation technologies become more widespread. The majority (52 percent) of survey respondents indicate that they'd prefer to retrain existing staff – as opposed to a minority (20 percent) who would rather recruit new staff, or the 17 percent who would prefer to outsource to a third party.

The survey also reveals a sense of self-doubt among CFOs and financial leaders. Almost 90 percent admit to needing much stronger skills in data analytics than they currently have.

“It was eye opening how many respondents share a sense of being under-prepared for digital transformation,” said Sastry. “It’s clear that CFOs will need to assume more responsibilities and have a better understanding of transformational technologies. Plus, they’ll need to better partner with CIOs. The ultimate goal is to balance forward-looking technology investments with today’s operational needs.”

Sastry concluded by explaining that “there is no quick solution for implementing digital transformation. While organizations are always working to adopt and invest in new technologies, they do so at a steady and strategic pace in order to both benefit and disrupt current and future business models.”

The full survey is at [www.grantthornton.com/cfo-survey](http://www.grantthornton.com/cfo-survey).

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